

# **FINANCE COMMITTEE**

## **LEWISTON, MAINE**

**January 13, 2003**

**PRESENT:**

Robert Stone, Councilor Roger Philippon, Councilor Lillian LaFontaine O'Brien, Jason Allen and Roger Provencher .

The meeting was called to order at 5:03 p.m.

The Committee considered nominations for Chairperson of the Committee for the ensuing calendar year. Chairman Stone indicated that he would be willing to relinquish the Chairmanship if anyone was interested in serving in that position.

On motion of Mr. Allen, seconded by Mr. Philippon it was

**VOTED:**

**(1-2003)** To elect Robert Stone Chairperson of the Finance Committee for the ensuing calendar year.

**VOTE: 4-0-1**  
**Robert Stone abstained**

On motion of Mr. Philippon, seconded by Ms. O'Brien it was

**VOTED:**

**(2-2003)** To dispense with reading of the minutes of the previous meeting dated December 16, 2002 and to accept and place them on file as submitted by the Clerk.

**VOTE: 5-0**

On motion of Ms. O'Brien, seconded by Mr. Allen it was

**VOTED:**

**(3-2003)** To adopt the following rules to govern the Finance Committee during the 2003 calendar year:

## **RULES OF THE FINANCE COMMITTEE**

### **Regular Meetings:**

- A. Time: The Finance Committee shall hold regular meetings twice monthly on **Mondays at 5:00 p.m.**
- B. Place: All regular meetings of the Finance Committee shall be held in Council Chambers of City Hall.

### **Special Meetings:**

All special meetings shall be called in accordance with Chapter II, Section 2-553© of the Revised Code of Ordinances.

### **Parliamentary Procedure:**

“ROBERT’S RULES OF ORDER” shall be regarded by the Finance Committee as the proper authority for parliamentary procedure in conduct of its meetings for the ensuing year.

### **Majority Vote:**

All motions must be passed by a majority of the members (three) in order to constitute action on any matter.

### **Authorization for Contract Awards, Amendments and Change Orders:**

The Committee authorizes the Purchasing Agent after consulting with the Finance Director to approve contracts, contract amendments or change orders for the purchase of goods and services under the following conditions:

#### **A. Contracts**

1. Award may be made to the low responsive bidder or sole responsive bidder when award is necessary to insure that the contract for goods or services is not delayed.
2. All contracts approved shall be forwarded to the Committee, for their ratification, at the next regular meeting with appropriate documentation and reasoning for proceeding with award of contract.

#### **B. Amendments or Change Orders**

1. The amendment/change order is necessary to insure that the contract for goods or services is not delayed.

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2. The amount of the amendment/change order is no more than ten (10%) percent of the contract price, with an upset limit of \$5,000 for any single amendment/change order and that an aggregate limit of ten (10%) percent of the original contract price is not exceeded.
3. Should the levels set forth in Section 2 be exceeded and an amendment or change order is necessary to complete the project and to protect the best interest of the City, the City Administrator may authorize amendments or change orders up to \$10,000 but not to exceed ten (10%) percent of the total contract price, as provided for in Section 3.2 of the Purchasing Policy.
4. The City Administrator has signed and approved the amendment/change order. If the City Administrator deems the circumstances to be an emergency, they will be documented and reported to the Finance Committee at the next regular meeting.
5. All amendments/change orders approved shall be forwarded to the Committee, for their information, at the next regular meeting.
6. That should the amendment or change order amount exceed both Section 2 and Section 5 levels of authorization, a special meeting of the Finance Committee shall be called by the Chairman or ranking member of the Committee if the Chairman is not available.

### **Suspension of Rules:**

Any of the foregoing rules may be suspended, amended or repealed providing a majority of the members vote therefore.

**VOTE: 5-0**

On recommendation of the Purchasing Agent and on motion of Ms. O'Brien, seconded by Mr. Philippon it was

### **VOTED:**

**(4-2003)** To award Bid 2003-4 on the Removal of Scrap Metal at the Solid Waste Facility over a three (3) year period to Grimm Industries, Lewiston, ME, based on their proposal to pay the City 44% of current Market Prices.

**VOTE: 5-0**

At this time, the Committee considered award of Bid 2003-3 on the annual requirement of mattresses for the General Assistance office. A disclosure was made that Councilor Normand Rousseau was the owner of Twin City Liquidation Inc. After review of all four (4) proposals received, Twin City Liquidation did submit the lowest pricing when including the delivery charge.

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On recommendation of the Purchasing Agent and on motion of Mr. Provencher, seconded by Mr. Allen it was

### **VOTED:**

**(5-2003)** To award Bid2003-3 on the annual requirement of mattresses for the General Assistance office to Twin City Liquidation, Lewiston, ME, low bidder at their following bid prices:

Single Mattress	\$70.00
Double Mattress	\$87.00
Delivery Charge	\$20.00 (same day delivery)

**VOTE: 5-0**

On recommendation of the Purchasing Agent and on motion of Mr. Allen, seconded by Ms. O'Brien it was

### **VOTED:**

**(6-2003)** To award Bid LA 2003-1 on the season's requirement of Flake Calcium Chloride for the Public Works Department to W H Shurtleff, Portland, ME, low bidder at their bid price of \$7.21/bag with a total estimated purchase price of \$5,047.

**VOTE: 5-0**

The Committee reviewed a revised recommendation on the award of the Workers' Compensation Excess Insurance policy. The Finance Director explained that the original recommendation had an incorrect amount for the broker's commission on the policy. The commission with Northern General Services was based on their overall proposal for Third Party Administrator services which included a 5% commission for the brokering of excess insurance. Of the three (3) proposals received, the lowest proposal was from Employer's Reinsurance Company at a cost of \$42,920 for a \$25 million Specific Excess Limit and a \$425,000 retention.

On recommendation of the Finance Director and on motion of Ms. O'Brien, seconded by Mr. Provencher it was

### **VOTED:**

**(7-2003)** To award the bid on Excess Workers' Compensation Insurance to Employers' Reinsurance Company low bidder at their total bid price of \$42,920.

**VOTE: 5-0**

The Committee considered an amendment to the contract for Third Party Administrator services on the City's Self-Insured Workers' Compensation Program with Northern General Services. At the time of the contract award in November 2002, the Committee was advised that it was the intention of the City to negotiate incentive provisions on the Loss Prevention contract. The amendment being proposed would provide for Northern General Services to discount their fees on Loss Prevention

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services by 10% from \$75 per hour to \$67.50 per hour resulting in an estimated annual savings to the City of \$2,880. In exchange for this, Northern General Services would receive a 5-10% bonus if the number of claims filed in a year reached a minimum of 5% less than that of the previous three year average. The bonus would increase to 10% if the reduction equaled 10% of the previous three year average. This could result in a maximum bonus opportunity to the company of \$4,611.50 per year.

An additional bonus of 5-10% in the first year would be provided if the dollar amount of claims incurred reached a minimum of 5% below that of the previous three year average. The maximum amount of the bonus in the first year would be \$4,611.50 for this threshold. Combined, both incentives could result in a bonus to the company of \$9,223 in the first year of the contract.

Committee members briefly discussed the amendment and agreed that the bonuses create incentives to work hard on making the City's new Loss Prevention and Safety Program a success.

On recommendation of the Finance Director and on motion of Ms. O'Brien, seconded by Mr. Provencher it was

### **VOTED:**

**(8-2003)** To authorize an amendment to the contract with Northern General Services for Third Party Administrator services of the Self-Insured Workers' Compensation Program based on the following instances:

- NGS will reduce its fees for services for loss prevention by 10%. Hourly rate of \$75 in proposal reduced to \$67.50 with a total savings in the first year of \$2,880.
  1. If the number of claims filed in a year reaches a certain minimum below that of the previous three (3) year average, NGS would receive a bonus as follows:
    - Current three (3) year - average number of claims - 179

#### **Year One:**

5% reduction = 5% bonus of Claims Administrator fee (\$2,305.75)

10% reduction = 10% bonus of Claims Administrator fee (\$4,611.50)

#### **Year Two:**

4% reduction = 4% bonus of Claims Administrator fee (\$1,844.60)

9% reduction = 9% bonus of Claims Administrator fee (\$4,150.35)

#### **Year Three:**

3% reduction = 3% bonus of Claims Administrator fee (\$1,899.92)

8% reduction = 8% bonus of Claims Administrator fee (\$4,274.82)

2. If the amount of claims incurred in a year reaches a certain minimum below that of the previous three (3) year average, NGS would receive the same bonus as outlined above.
  - Current three (3) year average amount of claims \$709,600

**VOTE: 5-0**

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The Committee reviewed the proposed revisions to the City's Purchasing Policy which had been presented to the Committee at the meeting of December 16, 2002. The Committee discussed the proposed revisions and felt that the revisions being proposed as it pertains to the thresholds were reasonable and are reflective of cost of living increases over the past ten (10) years. Minor grammatical changes were recommended to sections of the policy.

On motion of Ms. O'Brien, seconded by Mr. Provencher it was

### **VOTED:**

**(9-2003)** To approve the changes to the City's Purchasing Policy and to recommend adoption to the City Council.

**VOTE: 5-0**

At this time it was requested that two (2) Committee members volunteer to serve on the selection of a consultant for the Gas Works Redevelopment Project. Chairman Stone and Mr. Allen volunteered to serve on the Selection Review Committee.

The Committee considered an amendment to the agreement with Parsons Brinckerhoff Quade & Douglas Inc. on the Eastside Corridor and Grove Street By-Pass Study. The amendment to the contract was based on additional work required due to the following factors:

1. Lack of a computer model at ATRC which could have been used for traffic projections;
2. The Maine Department of Transportation changed the scope of the study on three (3) separate occasions to meet MDOT standards; and
3. Additional public and PAC meetings required throughout the course of the project.

The funds needed for the Eastside Corridor would be to complete the final report in the amount of \$17,700. The additional work required on the Grove Street By-Pass is essential to connect Route 126 to the proposed new Turnpike Exit in the vicinity of Burger King. The cost to complete the Grove Street work is \$75,000. Committee members expressed some concern over the change of the project scope however, based on the funding opportunities with the State to finance these projects, they agreed to proceed with the amendment.

On recommendation of the Purchasing Agent and on motion of Ms. O'Brien, seconded by Mr. Allen it was

### **VOTED:**

**(10-2003)** To authorize Amendment #3 to the contract between the City and Parsons Brinckerhoff Quade & Douglas on the Eastside Corridor Study and the Grove Street By-Pass Study as follows:

- Completion of the final report on the Eastside Corridor ..... \$17,700
- Completion of the Grove Street By-Pass Study and Analysis ..... \$75,000
- Total amount for Amendment #3 ..... \$92,700**

**VOTE: 5-0**

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A proposal to amend the contract with Richardson Associates on Gateway Park Landscape Architectural services was discussed with the Committee. The first addendum would be in the amount of \$20,565 and would be to provide the final design and construction documents associated with the Gateway Park at the corner of Main and Lincoln Streets. The second amendment would be to provide a Streetscape Enhancement Project along Main Street from the Longley Bridge past Central Maine Medical Center which would provide for conceptual design of future improvements. The cost for this amendment is \$8,965.

On recommendation of the Purchasing Agent and on motion of Mr. Provencher, seconded by Ms. O'Brien it was

### **VOTED:**

**(11-2003)** To authorize the following amendments on the contract with Richardson Associates for the Gateway Park Landscape Architectural Services contract:

Amendment 1: Final design and construction documents for Gateway Park . . . . . \$20,565

Amendment 2: Main Street Streetscape Enhancement Project . . . . . \$8,965

**Total of Amendments #1 & 2 . . . . . \$29,530**

**VOTE: 5-0**

The Purchasing Agent advised the Committee that the contract on #2 Fuel Oil for the year with Union Oil Company is almost approaching the total gallonage allotment for the fixed price contract. The contract which includes #2 Fuel Oil requirements for City of Lewiston, Lewiston School Department, City of Auburn, Auburn School Department and other agencies.

The current price which is being paid on the contract for Full Tank Wagon deliveries is \$ .766/gallon. The options which are available are as follows:

1. Acquire any amount of additional fuel needed over this year's current allotment at the posted Tank Wagon price as of the time of purchase. (The current posted price is \$ .99/gallon.)
2. Acquire an additional 300,000 gallons which would be needed to complete this heating season through the contractor on the future's market at a fixed price for the year which would likely be around \$ .9654/gallon.
3. Acquire an additional 800,000 gallons which would provide fuel for approximately a year until next January at an estimated cost of \$ .89/gallon.

Committee members discussed the pros and cons of purchasing fuel in the future's market beyond this heating season when it is unknown what will happen to fuel oil prices after the current heating season. Most Committee members felt that locking in the price for a year or through June of 2004 and the consensus was that fixing the price at a reasonable amount at this time would probably be advantageous.

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Because of the rapid changes occurring in the market, it was recommended that the Purchasing Agent be given authority to negotiate with the vendor and make a decision on what was felt to be the best alternative.

On recommendation of the Purchasing Agent and on motion of Mr. Provencher, seconded by Ms. O'Brien it was

### **VOTED:**

**(12-2003)** To authorize the Purchasing Agent to negotiate with the #2 Fuel Oil supplier to amend the contract that supplies sufficient quantities and to lock in a price through June 2004 if the price can remain at \$ .89/gallon or better.

**VOTE: 4-1**  
**Mr. Allen opposed**

### **VOTED:**

To adjourn at 6:05 p.m.

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Richard T. Metivier  
Clerk  
Finance Committee